

FSC-37-C		2/11/97	
SUBJECT: FDA Regulations			
DISTRIBUTION:			
<u>X</u> AVP	<u>X</u> KAM	<u>X</u> DM	
<u>X</u> RSM	<u>X</u> AM	<u>X</u> RM	
<u>X</u> RBM	<u>X</u> AE	<u>X</u> SALES REP	
<u>X</u> ROM		<u>X</u> RETAIL REP	

Retail accounts throughout the country have received a letter from David Kessler of the Food and Drug Administration that outlines the proposed FDA regulations scheduled to go into effect in February and those scheduled to go into effect in August of this year. The letter also announces town meetings regarding the regulations.

This letter may be confusing to retailers. Effective February 28, 1997, the only regulations scheduled to go into effect are those not to sell cigarettes or smokeless tobacco to anyone under 18. Other proposed regulations relative to promotion, display and advertising are not scheduled to go into effect until August 28, 1997.

Attached is a copy of the letter sent from Mr. Kessler to retail accounts along with enclosed information. You should review this information so that you are able to respond to questions retailers may ask.

Regarding town meeting schedules, you should not attend on behalf of the company. If you attend, you must do so as an individual and should not mention R. J. Reynolds or in any way represent the company. Meetings are designed primarily to focus on how to best implement the February 28 regulations on not selling cigarettes or smokeless tobacco to anyone under 18. Representatives from our Public Issues Department will attend a number of these meetings.

As you know, the industry has challenged, in court, the FDA's authority to regulate tobacco. We have every confidence in our legal position and believe our chances of a favorable decision are very good. If we prevail, the proposed regulations in Kessler's letter will not go into effect. In the unlikely event of an adverse court decision, we have a contingency plan in place to work with retailers to assist in achieving compliance with the regulations currently scheduled to be effective August 28 relative to display, advertising and promotion.

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